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The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

Notes for Contributors

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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Dr Annette Roberts,
Editor, *Welsh Economic Review*,
Welsh Economy Research Unit,
Cardiff Business School,
Aberconway Building,
Colum Drive,
Cardiff, CF10 3EU.

Tel 029 2087 4173
Fax 020 2087 4419

e-mail robertsa1@cardiff.ac.uk

Political Economy

Raising the Profile: Major Sporting Events and Welsh Regional Development

Despite its inability to close the GDP gap to the rest of the UK, or to produce enough entrepreneurs or small businesses, Wales does lead the UK in its ability to attract globally significant sporting events. The short and long term economic impacts of such events are therefore subjects of some importance.

The list of recent and upcoming events is impressive; one-off events such as the Rugby World Cup and 2010 Ryder Cup are supplemented by events tied to the Principality on a recurring basis, such as the FA and Worthington Cups, and the Network-Q Rally. There is little doubt that, as a country of under 3 million people, Wales is currently punching above its weight in winning such events; moreover, for a country with such low international recognition, the consequent media attention, additional to any expenditure impacts, may be particularly beneficial.

The attraction of major events, starting with the Rugby World Cup, has sat well within the context of a newly politically devolved Wales, keen to show its mettle on the international stage. It is notable however that, until the bid for the Ryder Cup, the Welsh Assembly has been only peripheral to the attraction and organisation of these events (preparations for the Rugby World Cup were well under way before the Assembly's inauguration). Instead, bodies such as Cardiff County Council and the Millennium Stadium have been proactive in the attraction and hosting of events. This, together with the natural tendency of such events to gravitate to centres of population, has led to a preponderance of events in Cardiff, and specifically at the Millennium Stadium, with the obvious exceptions of Network-Q and the Ryder Cup.

A suite of events concentrated in one location may carry costs and risks, and not only in terms of geographically uneven impacts. Whilst the Stadium has so far been extremely successful in attracting events due to its unique blend of facilities and advantages, it may be unable to sustain this performance in the longer term, inevitably faced with new, more modern developments, and the return of the Football Authority programme of events to England. Moreover, the commercial targets of a private stadium company may not always be in step with wider national objectives; for example, the stadium has been criticised for sourcing foodstuffs and other produce from outside Wales. Where a Welsh alternative exists, this perhaps represents a lost opportunity in broadening visitors' experience of the wider Welsh "offer". Additionally, the relationship between local hosts and

sports governing bodies can be problematic; witness the argument over the provision of "clean" stadiums (where all ticket advertising and hospitality revenue accrues to event organisers), which led to the withdrawal of New Zealand from the joint-hosting of the 2003 Rugby World Cup. The operation of such contracts, whereby all advertising space in the stadium is retained for event sponsors and organisers, and ensures all hospitality and ticket revenue accrues to event organisers and not to the host stadium, may limit the opportunities both for involvement by local companies, and for indirect impacts to the host economy from stadium revenues.

Additional pressures (for example congestion costs) arise when events are geographically proximate, but not subject to an integrated organisation process, for example when, in both 2000 and 2001 the end of the Network-Q Rally coincided with a major rugby international at the Millennium Stadium. Moreover, with responsible bodies such as the Wales Tourist Board not always closely involved with event organisation, opportunities to fully market Wales on the back of an event may not be optimised. The ongoing development of discrete event strategies within different organisations, and at different spatial scales is in part in response to such issues. Attendant on the hosting of major events and in the preparation of such event strategies, is a debate on the "value for public money" obtained in event hosting. Assessing the economic benefit of (often unique) major events is problematic. Whilst it is possible, using a variety of modelling methodologies, to estimate the direct and indirect impacts of spectator and other related expenditure, longer-term impacts are more ambiguous. Intuitively, there is great value in leveraging extensive media exposure for a small nation (or city) that would otherwise have a low global profile; yet the effects of such exposure on future levels of tourism, wider visitation or investment are as yet unproven and unquantifiable.

An objective impact assessment is crucial for an event such as the Ryder Cup, which is expected to significantly impact upon Wales' wider tourism landscape through new facilities and tournaments and a more widely appreciated tourism offer, but which will

require substantial local investment of resources and time from public sector agencies as well as the Celtic Manor and other golf resorts. It is important that the type of difficulties experienced during the Rugby World Cup, such as international visitors staying outside the Principality, low levels of local business involvement, and poor relations between Rugby World Cup Ltd and the local rugby union, are avoided. A more co-operative approach to major events hosting occurred during the Network-Q Rally. Here, its prospect as a recurring event has meant greater value has been placed on in developing relationships between event organisers, attending media and local authorities. For example Cardiff County Council was heavily involved in the ticketing and organisation of Network-Q. This contrasts with one-off events, where local agencies, often never to be involved again, can be seen by organisers as junior partners compared with the media and long-term sponsors who are more important for the long term future of the event.

It is difficult (and often inappropriate) for a single agency, be it commercial or public, to take full account of the wider regional impacts of a major event, or to investigate ways in which impacts can be maximised, particularly in the midst of a time-constrained and intense organisation process. The development of a wider regional events strategy would therefore seem a suitable policy response to Wales' continuing success in winning sporting events. Such a strategy may simply determine a typology of events, formalise Assembly support for events (which has hitherto been ad hoc and reactive), or provide a structure for event bids within which other agencies can work. Yet to be truly effective, an events strategy must ask difficult questions about how much an event is truly worth to the regional economy (i.e. benefits measured against costs). Objective evaluations of major event impacts are often hindered not only by incomplete or inappropriate methodologies, but also by an asymmetry of power between event organisers, sponsors and "on message" public agencies, and local opposition which can be fragmented and ill-organised. A regional government can provide a mechanism to redress this balance, and offer a forum where the pros and cons of event hosting can be

debated. Such an approach should also recognise that, just as success in attracting large inward investments during the 1980s and 1990s has not solved Wales' economic problems, so the attraction of major events is not a solution for an economy currently characterised by high economic inactivity rates and low value added; problems which, in the medium term at least, even major successes in tourism

development are unlikely to address. The Assembly could provide the mechanism whereby events are used to offer Welsh produce and products to a wider audience; to deepen the involvement of Welsh businesses in high-value organisation and marketing activities (and thus, hopefully, increasing their competence and competitiveness); and to objectively weigh the claims of event proponents as

to likely regional economic benefit. In proposing such a mediating and enabling role, any events-related strategy must also recognise that whilst major events can provide unique marketing opportunities for a small country, the attraction of mobile capital is far less important to long term growth rates than factors such as the creation of an adaptable, qualified and skilled workforce.